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ABSTRACT

The causes of youth unemployment--especially among poor and minority youths--are enmeshed in a web of social, educational, and economic forces acting on the lives of families. Some of these forces are out of the sphere of federal influence, but labor market industries and the education system also have important effects on the experience of youth trying to find work. The next iteration of federal youth initiatives should build around four components of services: basic, remedial, work oriented education; job skills; labor market awareness; and work experience. Aside from the program elements that should be incorporated into a national youth policy for the 1980s, two important operational considerations need to be addressed: targeting of employment and training services, and the relation of youth to adult services. (Recommendations are made based on each of the four components of service and operational considerations.) (MEK)

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AN EMPLOYMENT AND EDUCATION AGENDA FOR YOUTH IN THE 1980s

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A POLICY STATEMENT BY THE NATIONAL COUNCIL ON EMPLOYMENT POLICY

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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The National Council on Employment Policy is a private nonprofit organization of academicians and policy experts with a special interest and expertise in the area of employment and training. This statement represents the combined judgment of the Council members. Despite divergence of opinion on details, the members agreed to a unanimous statement without indicated individual exceptions.

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AN EMPLOYMENT AND EDUCATION AGENDA FOR YOUTH IN THE 1980s

Most youths face transient problems in the labor market that ultimately are offset by adequate education and an environment in which they learn about job markets, occupational choices and careers. Whatever difficulties they encounter in the transition from school to employment hardly command attention as a national priority.

But labor market difficulties experienced by youths from impoverished homes, particularly minority youths in central cities and rural areas, present critical challenges. They pose immediate economic hardship and serious longer term consequences.

Some of these difficulties can and should be alleviated by governmental intervention. On the supply side, the preparation of youth for work can be improved by compensatory educational efforts and skill training. On the demand side, government should combat more vigorously discrimination in the labor market and create jobs for youth as part of an overall policy conducive to generating economic growth. In addition, career exploration and training for job search would better help match supply and demand.

The Nature of Youth Unemployment Problems

The unemployment rate for white youths has been declining steadily during the economic recovery since the 1975 recession. Though the rate remains high, the problem is not acute. In fact, the ratio between youth and adult unemployment among whites is lower today than it was during the late 1960s. The frequent unemployment spells of majority youths appear to have little effect on long-term employability or earnings. They may, indeed, play a part in the process of settling down and occasionally have a beneficial effect in teaching young adults about labor markets.

Society offers options for most youths in either the labor market or alternative activities that defer work for pay. There remains, however, a sizeable minority of youths out of the mainstream who fail in or are failed by existing institutions.

The labor market problems of these youths--mostly poor, nonwhite, Hispanic, and some native Americans--entail immediate economic hardship and appear to have long-term effects on employability and earning power. Not only is the absolute level of unemployment for poor and minority youths unacceptably high, but the differences between the experience of white and minority youths have been steadily worsening for the last two decades.

The causes of youth unemployment--especially among poor and minority youths--are enmeshed in a web of social, educational, and economic forces acting on the lives of these youths and their families. Causes are hard to disentangle from effects. Substandard schools, disrupted family lives, a lack of role models, welfare dependency, early childbearing, parents work-

ing in low-paying, dead-end jobs with little hope for improvement, and a lack of effective access to good jobs all affect the labor market prospects facing these youths and their outlook towards work. Youths trapped in decaying urban areas or depressed rural areas face limited local job opportunities. More important than geographical isolation is social alienation. Middle-class youths rely heavily on the access to jobs provided by friends, parents, and neighbors; employers also rely heavily on these sources in their recruiting. Poor and minority youths lack such informal networks.

Racial prejudice persists as another enormous barrier keeping minority youths out of jobs. Affirmative action programs and other anti-discrimination measures notwithstanding, many employers put minority youths at the end of long lines of applicants for scarce jobs. But, even if these problems were to disappear overnight, there still would not be enough jobs to go around. As long as adult unemployment rates are high, younger workers will suffer.

While the youth population will be declining for at least the next 15 years as a proportion of the total population and labor force, it will become more heavily minority. If past patterns of discrimination persist, poor and minority youths may benefit little from the expected decline in job competition among the young, and will continue to fare poorly in the labor market.

Federal Responses to the Problems of Youths

From the early 1960s through the mid-1970s, there was a proliferation of programs providing youth employment and training opportunities. Some concentrated on job creation while others tried to improve long-term employability. The record of these past efforts has been mixed. The principal work experience programs for youths--the Neighborhood Youth Corps and a succession of summer jobs programs--have been criticized widely for creating make-work jobs for youngsters and providing little more than income transfer, while engendering poor work habits; some studies, however, have found positive outcomes for these programs. Compensatory education programs, which appeared at first to have little impact on improving educational achievement among economically and educationally disadvantaged youth have proven effective in raising the level of their educational attainment.

In the latter 1970s it became clear that further measures were necessary to bolster the federal commitment to alleviate youth unemployment and to attack its causes directly and indirectly. Frustrated with growing youth employment problems of the mid-1970s, the failure of piecemeal solutions to those problems, and uncertainty about the relative effectiveness of alternative remedies, Congress and the Carter administration launched a new youth initiative in 1977. The Youth Employment and Demonstration Projects Act (YEDPA) was designed to provide immediate relief to the youth employment crises, fund alternative experimental approaches and evaluate their effectiveness.

The returns on the experimentation are not yet in, but it is apparent that labor market problems have neither isolated causes nor effects and their solutions cannot be provided readily by a single institution. A myriad of socioeconomic factors beyond the effective reach of public policy affect the experience of young adults in the labor market. Family background, place of residence, home life, and informal labor market networks are enormously influential. But institutions--most notably labor market agencies and the education system--also have important effects on the experience of youth trying to find work, and they are subject to federal influence.

The next iteration of federal youth initiatives should build around four components of services: basic, remedial, work-oriented education; job skills; labor market awareness; and work experience. In formulating service strategies, client groups must be differentiated because needs and program effectiveness vary by age and enrollment status in educational institutions.

Educational Change

Education must be an important focal point of any truly comprehensive youth employment policy because education deficiencies go hand-in-hand with poverty and labor market hardship. Changes are needed, starting in the lower grades. Compensatory education at the elementary school level should be augmented with an emphasis on the development of work values and sound work habits, integrated with academic learning. Such work orientation is important for all children but vital for those whose environmental circumstances pose handicaps.

At the secondary level dropout rates remain high, especially in inner city schools, and the quality of education is low for those students who remain in school. Unfortunately, few compensatory education resources are reaching this level. Continuing compensatory education services through the higher grades should be available to reinforce and sustain gains from the elementary level. Providing compensatory education at the secondary school level also increases the chances that all youths in need will receive at least some extra assistance during their time in the public school system.

A policy for extending compensatory education to the secondary level should build on two premises. First, it should represent new funds for compensatory education and should not be paid for at the expense of such efforts at the elementary school level. Second, it should recognize that providing compensatory education at the secondary level is likely to be more expensive than providing it at the elementary level, since it requires different curricula and staff capabilities. There are few high school teachers trained to teach basic reading and arithmetic, although the experience of the Job Corps and military might be profitably utilized by secondary schools.

It is no accident that those who do well in school generally do well in employment. The same skills and attitudes lead to success in both.

Work values, work habits and understanding of labor markets and employer-employee relationships are all subject to teaching and learning. They can and should be incorporated into a basic education program at elementary and secondary levels without interfering with traditional academic studies. Such career preparation is needed by all children and youth, and especially those poor and minority students who are deprived of such preparation at home. It requires a higher level of outlays for federal career education measures already in effect.

Providing basic literacy skills to out-of-school youth--both dropouts and graduates--presents a different challenge. It is well established that a large proportion of these youths fail in--or are failed by--schools because the traditional education structure does not challenge them sufficiently or is not flexible enough to meet their particular needs. It would not be sound policy to try to lure these youths back into the same eduational setting that failed them before. Alternative education systems are necessary. In some cases CETA prime sponsors or community based organizations under contract to prime sponsors have established stable and effective alternative education programs. In other cases, school systems have developed alternative structures, either on their own or in concert with other local agencies (prime sponsors included). Obviously local capacity and preferences vary from area to area. Federal policy should leave the choice of deliverers open to local decisionmakers, but it should provide for experimentation and continuation of promising trial projects at least until such trials have proven successful enough to gain local public acceptance and support.

Improving Job Skills

The value of extensive occupational skill training for increasing the employability and earning power of school-age youths is open to question. This is because few skilled jobs are open to entry level workers immediately out of school and, more importantly, because occupationally-related skills are acquired in a variety of ways. The mere existence of a pre-employment training course does not automatically confer the stamp of legitimacy--employers have to recognize it as a source for recruitment.

Secondary school vocational education might be justified, however, not for its direct effect on placement and earnings, but rather as a curriculum better suited to hold certain types of students in the schools. To the extent that this effect can be demonstrated, and that the curriculum succeeds in raising academic achievement and in helping to socialize prospective workers, skill training at the secondarylevel may serve a useful purpose and the federal government should support it. Federal youth development policy should continue the pressure that federal vocational education laws already apply to broaden the population served by vocational education and better penetrate the at-risk population interested in pursuing vocational training. There should be two objectives to such a strategy: (1) to increase the enrollments of educationally and economically disadvantaged and handicapped youth in vocational programs, and (2) to increase vocational staff capacity to serve the special needs of these students.

Vocational education is not the only vehicle for skill training. The CETA prime sponsor system was also created to serve that purpose. The role of the CETA system in providing skill training for youth should be developed carefully, however. The CETA system should not compete with mainstream training institutions for students, but should reinforce and complement those efforts when mutually agreeable. The CETA system should provide training to under- or unemployed, out-of-school youths. Even for this group intensive training should be undertaken cautiously, since it has little effect on later earnings or even occupational choice. Young dropouts do not leave school to get a headstart on their careers, and in fact, are inclined to change jobs frequently. They are not ideal candidates for major training investments. More intensive training opportunities should be available for older, out-of-school youths as well as youths under 19 who have displayed interest and aptitude in particular skill areas. These opportunities might include pre-apprenticeship, apprenticeship and on-the-job training.

In central cities and rural areas lacking skill training facilities it is hard to justify massive investments in such facilities for the benefit of youths alone. Furthermore, their problems are not separable from the problems of older adults, employers and the community at large. The federal government should underwrite development of skills training facilities in hardpressed central cities and rural areas only as part of a combined strategy to support youth and adult employability development goals as well as large economic development goals. Obviously, because of the diminished ability of center city and depressed areas to pay for new services, these areas cannot contribute as large a share of local money as other areas. For that reason, federal vocational education spending for this kind of program should be proportionately higher than usual to achieve the desired results.

For youth with severe educational handicaps and debilitating family environments who cannot be served directly by prime sponsors, the Job Corps provides intensive supportive services and counseling in a residential setting. This extraordinary support capacity should be retained, and sponsors should be cautious in attempting to develop program approaches to serve the extremely disadvantaged and hardcore unemployed youth for whom the Job Corps is better suited.

In assessing the nation's capacity to develop human resources, the armed forces are frequently overlooked. Each year, the Department of Defense spends annually more than three times as much as the CETA system does for education and training programs. The military has developed a number of intensive programs for providing compensatory education to the many enlistees with low educational achievement. These efforts appear to be paying off in higher achievement levels and retention rates among entrants who show low ability initially. The armed forces should be utilized as an alternative institutional setting offering additional opportunities for jobs and human resource development for poor, skill deficient and educationally disadvantaged youths encountering difficulties in the civilian labor market. The military also can serve as an alternative for youths who, though not suffering severe labor market impairments, are not equipped or inclined to settle down into a definite career. It can extend the socialization process and provide the institutional structure that many youths need to prepare themselves for the responsibilities of adulthood.

In order to better inform youths of their options, prime sponsors and local armed forces recruiting offices should be encouraged to familiarize themselves with each others' services. Where complementary service offerings are feasible, appropriate arrangements should be pursued in order to increase the employability development opportunities for youths entering either system.

Labor Market Services

Improved basic competencies are only the starting point for youths hoping to compete successfully in labor markets. Youths need an understanding of how the labor market works, the kinds of jobs they are equipped to handle, the preparation they need for later careers, and how they can find work.

To help youth find job opportunities, greater emphasis is needed on instructing youth on job search techniques and aspects of labor market operations. In addition, a key part of every placement and training agency's activities should include direct linkages with employers, including the capability of offering on-the-job training opportunities.

The young adults needing this kind of help are both in school and out of school, so the institutional arrangements for providing such services are not likely to be neat. Since responsibility for smoothing the transition from school to work is normally beyond the services provided by education institutions, the 1977 youth legislation earmarked funds to induce schools to provide career guidance counseling to noncollege bound students. Even without federal assistance, some school systems are developing work experience programs and placing enrollees in them. The direction of these changes is promising, but the results so far are limited.

The institutional linkage fostered by the 1977 youth legislation should be encouraged in the hope that the induced collaboration will mature and bear fruit. Crude estimates indicate that school-based programs are typically diverting the bulk of their resources to enrollee stipends and wages, contributing little to the institutional changes necessary to make employability development a more integral part of the education process. To assure that money is available to buy the changes necessary in schools and shield local administrators from pressures to create as many youth jobs as possible, the share of each sponsor's allocation that goes to local schools should be clearly available for costs other than enrollee stipends.

Job Creation

Regardless of how well youths are prepared for work and how efficiently labor markets function, unemployment will remain high unless there are enough jobs to go around. Plainly, more jobs are needed. At issue is how additional employment should be generated.

The focus on inflation and the need to reduce the federal deficit are likely to preclude much use of economic stimulus as a policy tool to ameliorate the problem of youth unemployment. This means that other measures are necessary to close the job gap.

One strategy is to increase demand for youths in private sector jobs, requring the recognition of extra costs involved in hiring youth. Presumably inexperienced youths tend to be less productive than other workers. Hiring youth may also involve added training including higher supervisory costs due to their higher turnover, and rising unemployment insurance and workers' compensation costs. To help offset the real and perceived costs to employers of hiring youths, the federal government should permit CETA prime sponsors to pay wage subsidies, ranging up to 100 percent. As worker productivity picks up, subsidies should be phased out. The development of unsubsidized jobs should be stressed, however, not only because they are easier on the public purse, but also because they enable CETA sponsors (or whoever conducts placement activities) to broaden the base of youths served as well as to broaden the base of employer participation.

Although unsubsidized job development ought to be reserved mainly for older youth (18 and over), the Targeted Jobs Tax Credit now in effect should be extended to cover 16 and 17 year olds. The present provisions leave them at a disadvantage because of their higher wage bills relative to older youths already covered.

Regardless of policy on subsidies and tax credits, there should be greater emphasis on developing jobs in the private sector. In order to encourage such job development, local administrators need to be given resources, technical assistance, and incentives. Because youths in need of jobs are found in school and out of school, there should be an institutional capacity to serve both without creating a situation in which job developers get into competition with one another. Either the budding private industry councils established under CETA or the employment service could be instrumental in performing these services in collaboration with CETA prime sponsors and local education agencies.

The private sector should be expected to provide some opportunities for employment. But, even with prodding, private sector opportunities will not be sufficient to obviate the need for public sector job creation. At least during economic slowdowns and probably even in the best of times, the mainstay of any jobs program for youths will have to be subsidized employment in the public and private non-profit sectors.

Subsidized job creation should be designed to provide income transfer and credible work experience that, at a minimum, teaches participants good work habits. Job subsidies should be restricted to economically disadvantaged youth and concentrated on older and out-of-school youths. Job creation for youths under 18, though important, should be assigned a lower priority. Work is all too likely to become a competitive alternative to school. "Career relevance" and "meaningfulness" are not important criteria in creating jobs for younger youths; most have only a vague notion of what they want to do for a living. Even the most career-minded youngster just starting to work needs a well-supervised job more than placement on the

first rung of a career ladder. For older and out-of-school youth, job placements should be matched with career interests or be designed to provide an opportunity to provide an opportunity or testing career areas, since job content becomes progressively more important in making long-term occupational commitments.

The public service employment expansion of the mid- and latter 1970s and the annual implementation of the summer youth jobs programs have demonstrated that it is extraordinarily difficult to develop large numbers of well-supervised jobs quickly. Since numbers are less ambiguous than the quality of supervision, the latter invariably suffers. Prime sponsors should be permitted discretion in using some summer jobs money to create year-round opportunities. In order to minimize disruptive surges in enrollment levels, they should also be given sufficient spending flexibility to stagger enrollments.

Sixteen years after enactment of the Civil Rights Act, discrimination still pervades the marketplace. The federal strategy under current conditions should focus on encouraging administrators to enforce existing statutes more conscientiously and vigorously than they have been. A number of federal agencies provide national leverage points for increasing the impact of existing antidiscrimination statutes. They need to be given the mandates and assured the resources to fight discrimination in labor markets, especially where it falls heavily on youths.

Operational Issues

Aside from the program elements that should be incorporated into a national youth policy for the 1980s, there are two important operational considerations that need to be addressed: targeting of employment and training services, and the relation of youth services to adult services.

Targeting

Income has been utilized frequently as an eligibility criterion for employment and training. The experience under the youth employment and training programs of the past two years, however, opens to question the reliability and validity of family income as a predictor of the need for employability development services among youths. The current reliance on family income as an eligibility screen for training should be relaxed. There appear to be a great number of youths who are not from low-income families, but who experience obstacles to employability and earnings. These youths are from broken homes, they have emotional and physical problems, learning disabilities and histories of drug abuse or run-ins with the law. They too are in need of extra help and they lack alternative avenues for assistance.

Another reason for reconsidering income eligibility criteria is that targeted programs are proving not to have as broad appeal to local schools and employers as untargeted programs. This is because, first, the current

standards preclude participation of many youths whom school counselors and teachers know to be in need of manpower services; the "arbitrary" exclusion of such youths diminishes staff support for the programs. Second, by narrowing the base of youth participation, policymakers trade a higher concentration of resources for a narrower base of parent and employer support and less ability to leverage school support in providing labor market services and employer support for hiring youths.

There is a danger that relaxing income eligibility criteria will lead to resources being spread too thinly. This dilution can be minimized by sharpened program design. For younger youths still in school it is possible to use lower cost counseling and informational services. For youths over eighteen subsidies can be reserved for low-income youths allowing administrators some discretion in relaxing income standards for a small proportion of enrollees suffering from other handicaps.

Less restrictive eligibility criteria will broaden the client population and institutional base, and help eliminate the poverty stigma attached to many of the CETA programs. In the long run, this may increase both their acceptability and effectiveness.

Integrating Youth and Adult Services

Since enactment of YEDPA, CETA administrators have found it easier to establish discrete program tracks to serve youths and adults. Separate planning and program requirements, regulations, accounting and reporting guidelines, and a distinct national emphasis on youths contribute to the creation of dual tracks. Yet, separate youth intake, counseling, and program agents reduces both the efficiency and effectiveness of local operations. It fosters duplication, reduces the opportunity for taking advantage of economies of scale, creates an artificial distinction between the problems of youths and adults, and prevents exposure of youths to older enrollees with broader work experiences. In fact, CETA prime sponsors do need to provide certain services for meeting the special needs of youths. The failure to do so in the past contributed to the impetus for the 1977 youth initiative. But, since most of the needs of youths are not clearly differentiated from those of adults, comprehensive delivery systems should be used as much as possible. The Congress and Department of Labor should assure that new legislation and implementation of such legislation encourages unified delivery as much as possible.

Needs and Funding

The Council favors a comprehensive national youth development policy. It should be of sufficient scale to provide educational and skill competencies, alleviation of discriminatory barriers to employment, and increase job opportunities for poor and minority youth.

Compensatory education should be extended to the secondary school level. Given the recent decline in real state and local outlays for edu-

cation due to falling enrollments, the federal government should not have to shoulder the entire new burden for compensatory education. But it needs to provide some leadership, if not for narrow educational purposes, then for larger human resource development purposes. The same applies to support for well-documented career education techniques.

Net new money is needed to upgrade or establish new vocational training facilities in declining central cities and rural areas. Because establishing new skills centers is likely to be expensive and involve extensive local planning and development of a "market" among local employers for trainees, resources should be directed to only a few areas so as to provide all the resources needed to establish new facilities. Site selection should depend on the absence of existing facilities and the likelihood of generating sufficient demand for trainees. New resources will also be needed for additional job creation, labor market awareness, career exploration and vocational counseling services.

The program specifications proposed here are only meant to suggest national needs. In fact, rather than recommending rigid categories of service, the Council endorses encouraging local discretion in developing programs for youth.

The Carter administration appears to have recognized the need for new funding for programs along the lines suggested here. We stop short of proposing funding levels for new youth initiatives or suggesting reallocation of existing funds that would require placing the needs of youth in the hierarchy of pressing national priorities. Ultimately those decisions are dictated by political judgements and do not depend on any empirical analysis of the problems of youths or the relative effectiveness of solutions to their problems.

The Council does recommend, however, both that resources be made available in sufficiently large amounts to insure that the new initiatives will have a significant effect, and that the resources support a balanced mix of developmental services, training, labor market services, and job creation. In increasing resources, however, care should be taken not to exceed the administrative capacity for expansion of local operations.

If resources cannot be increased, current programs should not be disturbed, in order that they can benefit from some continuity and stability.

The Council strongly recommends that, in adding resources for new youth programs, they not be reallocated from existing employment and training programs for adults nor from compensatory education programs for elementary school students. Faced by the prospects of rising unemployment and the presence of many unskilled and unemployed persons, we can ill afford any changes in policy that would have the effect of weakening employment and training services for adults. Compensatory education programs in elementary schools are similarly essential and should be left untouched. As a matter of public policy, we should not sacrifice programs of known effectiveness in favor of new and untried initiatives.